

New York banks, to fill the gap created by the winding up of local institutions. The bank commissioners of Massachusetts maintained that when specie payments are suspended, "and bills are no longer redeemable in gold, a great motive for sending them home is withdrawn, since, if in good credit, they are as valuable as anything which can be got in exchange for them. Men hold them and hoard them, therefore, precisely as they would do with specie, and the volume of the currency becomes greater precisely as its current grows more sluggish/*

It was very generally feared that the banks would sell their gold at a profit as it attained a high premium over legal tender paper, but the New England banks generally held on to their specie as a provision for the protection of their creditors and as security for future resumption. The commissioner of Maine reported, regarding the sale of specie for a premium, that "No instance has come to our knowledge where any bank has done anything of this kind ; and certainly it cannot have been practised to any great extent, for the comparative tables show that, notwithstanding the suspension act, the specie in our banks has decreased only some \$40,000." The New Hampshire commissioners reported that *' the banks have not only kept their faith with the public, in retaining their specie in the vaults, but have actually increased the aggregate amount of specie, \$38,827.52, or more than twelve per cent." The Massachusetts commissioners undertook to discourage sales of specie and declared that they "regard the sale of gold by the banks as altogether illegal, so long as they refuse to pay specie on their obligations,"

One of the disadvantages of issuing bank-note circulation 011 securities was disclosed at the outbreak of the war in the sudden fall in value of Southern State bonds pledged by Northern banks to secure their circulation. This shrinkage in the value of the security for the notes was especially felt in Wisconsin, The case of the Koshkonong Bank, whose stock amounted at par to \$48,000, of which all but \$3,000 was issued by Southern States, was one of the worst, but